



NASA Exchange LaRC FY04 Annual Report

Enclosure 3



Your First Choice – LaRC Exchange



LaRC Exchange Operations Table of Contents



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LaRC Exchange Operations Overview

Mission & Vision

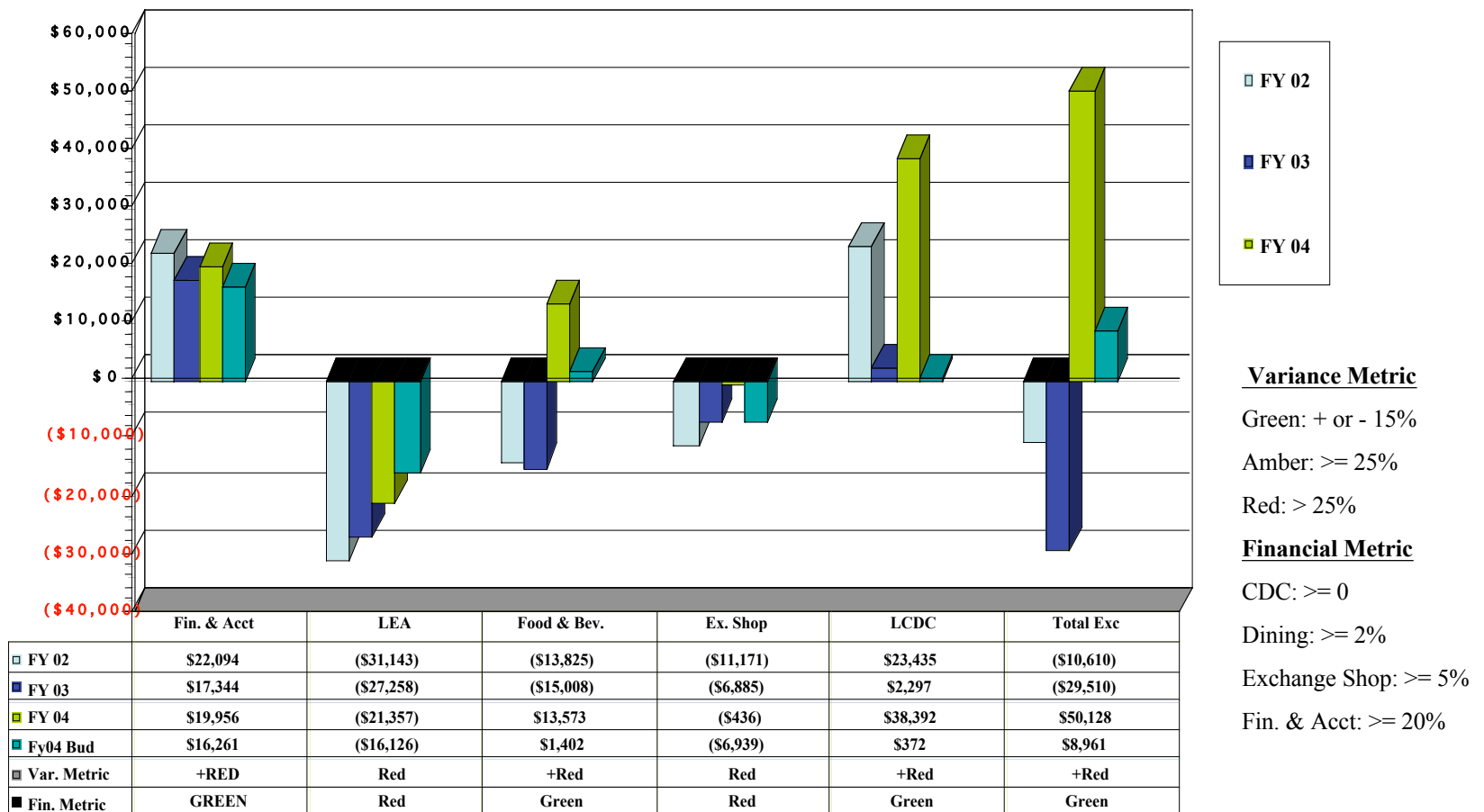


- The Exchange Mission is to provide products, services, and activities that promote and enhance the well-being of the LaRC Community.
- Vision: A customer-focused team providing “first choice” quality of life programs and services for the LaRC community.
- Your First Choice--Langley Exchange



LaRC EXCHANGE OPERATIONS

FINANCIAL RESULTS BY ACTIVITY
SEPTEMBER FY 04



Your First Choice – LaRC Exchange



LaRC EXCHANGE OPERATIONS

Consolidated Financial Statement



	September 30,	2004		2003
Revenue				
Sales and commissions	\$	1,903,393	\$	1,829,678
Cost of sales		645,492		645,007
Gross profit		1,257,901		1,184,671
Operating expenses		1,237,143		1,245,553
Income (loss) from operations		20,758		(60,882)
Other revenues (expenses)				
Miscellaneous income		4,578		5,824
CFC contribution		3,063		3,763
Interest and dividends		9,739		9,991
U.S. Department of Agriculture (USDA):				
National School Lunch Program		15,305		14,254
Realized and unrealized loss on investments		(3,315)		(652)
Total other revenues (expenses)		29,370		33,180
Change in net assets before extraordinary item		50,128		(27,702)
Extraordinary item				
Uninsured food spoilage due to Hurricane Isabel		-		(1,808)
Change in net assets		50,128		(29,510)
Net assets - beginning of year		557,259		586,769
Net assets - end of year	\$	607,387	\$	557,259



LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

A/O: YTD 30 September 04

Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT	ASSESSMENT PREVIOUS YTD FY03	ASSESSMENT ACTUAL YTD <small>Achieved / Budget VAR</small>	(PROFIT)/(VARIANCE)	REMARKS/COMMENTS
FINANCE & ACCOUNTING NI & BUDGET VAR	> 0 ±15%	16.3	17.3 +15%	19.9 +22%	G A	Comments: Exceeds Prior Yr NI of \$9.6K with lower than budget labor cost.
CHILD DEV. CENTER NI & BUDGET VAR	> 0 ±15%	.4	2.3 +1570%	38.4 +9500%	G +R	Comments: Above Prior Yr NI of 2.3K. Revenues up 46.7K. Labor below budget by \$14.8K.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0 ±15%	1.5	-15.0 +1570%	13.6 +807%	G +R	Comments: Exceeds Prior Yr NI of -15K. Sales +6.4K even with Aerodyner closure, COGs -9.4K
EXCHANGE SHOP NI & BUDGET VAR	> 0 ±15%	6.9	-6.9 +94%	-.4 -108%	R R	Comments: Below Prior Yr NI of -6.9K. Sales up 15.5K, COGs up 8K, Labor down -\$2.7K
Employee Activities Assn. NI & BUDGET VAR	> 0 ±15%	-16.1	-27.2 +21%	-21.4 +33%	R R	Comments: Fitness Center income \$2,074 YTD. Prior Yr. Loss \$29.3K. Loss due to Gym Depreciation.
Exchange Fund Net Income & Budget Variance	> 0 ±15%	9	-29.5 +270%	50.1 +457%	G +R	Comments: Exceeds Prior Yr NI of -31.6K. YTD NIBD for FY04 is \$70,850
ACID TEST RATIO <small>Ability to pay bill in 30 Days</small>	>1:1	1.4:1	1.7:1	2.0:1	G	Comments: Total cash on hand \$370,455 AR \$21,408, Total liabilities \$192,647.
CASH TO DEBT RATIO <small>Cash + Current & L. RANGE Investments / total liabilities</small>	>1:1 <2:1	2.2:1	1.9:1	2.5:1	+R	Comments: Cash Assets on hand \$485,456. Retained Earnings beginning \$557,259; ending \$607,387. Net assets \$800,034
CI EXECUTION RATE 70 % OF BUDGET	>25.3 70%	70%	0 %	12 %	R	Comments: Playground equipment purchase executed.

PROFIT/LOSS

R=LOSING MONEY

G=MAKING MONEY

A=CONTROLLED LOSS

BUDGET VARIANCE

R=NEGATIVE OR VARIANCE >25%

G=POSITIVE NIBD & VARIANCE <16%

A=POSITIVE NIBD & VARIANCE 16-25% OR CONTROLLED LOSS & VARIANCE 0-25%



Exchange Financial Performance Indicators Food and Beverage as of 30 Sept 2004



Green = Meets target Goal
Amber = Within .50% of meeting target Goal
Red = More than .50% over target Goal

	FY 04 Goal	FY04 YTD Actual	FY03 YTD Actual
Cost of Goods	45%	\$395,265 47.25%	\$404,787 48.76%
Labor Cost	45%	\$357,083 42.8%	\$374,594 45.1%
Other Expenses	6.50%	\$70,609 8.46%	\$65,717 7.92%
Net Income	.02%	\$13,573 +1.63%	\$15,008 -1.81%

Total
Revenue
YTD
\$834,079

Total Revenue YTD
\$830,090

Your First Choice – LaRC Exchange



Exchange Financial Performance Indicators

Exchange Shop

Figures 30 September 2004



Green = Meets target Goal
 Amber = Within .50% of meeting target Goal
 Red = More than .50% of target Goal

	FY04 Goal	FY04 YTD Actual	FY03 YTD Actual
Cost of Goods	73.0%	\$250,227 77%	\$241,221 76.72%
Labor	18.0%	\$54,680 16.83%	\$57,337 18.24%
Other Expenses	6.8%	\$20,362 6.27%	\$22,738 7.23%
Net Income	2%	-\$436 -.001%	-\$6,885 2.19%
		Total Revenue \$324,915	Total Revenue \$314,410

Your First Choice – LaRC Exchange



Exchange Financial Performance Indicators

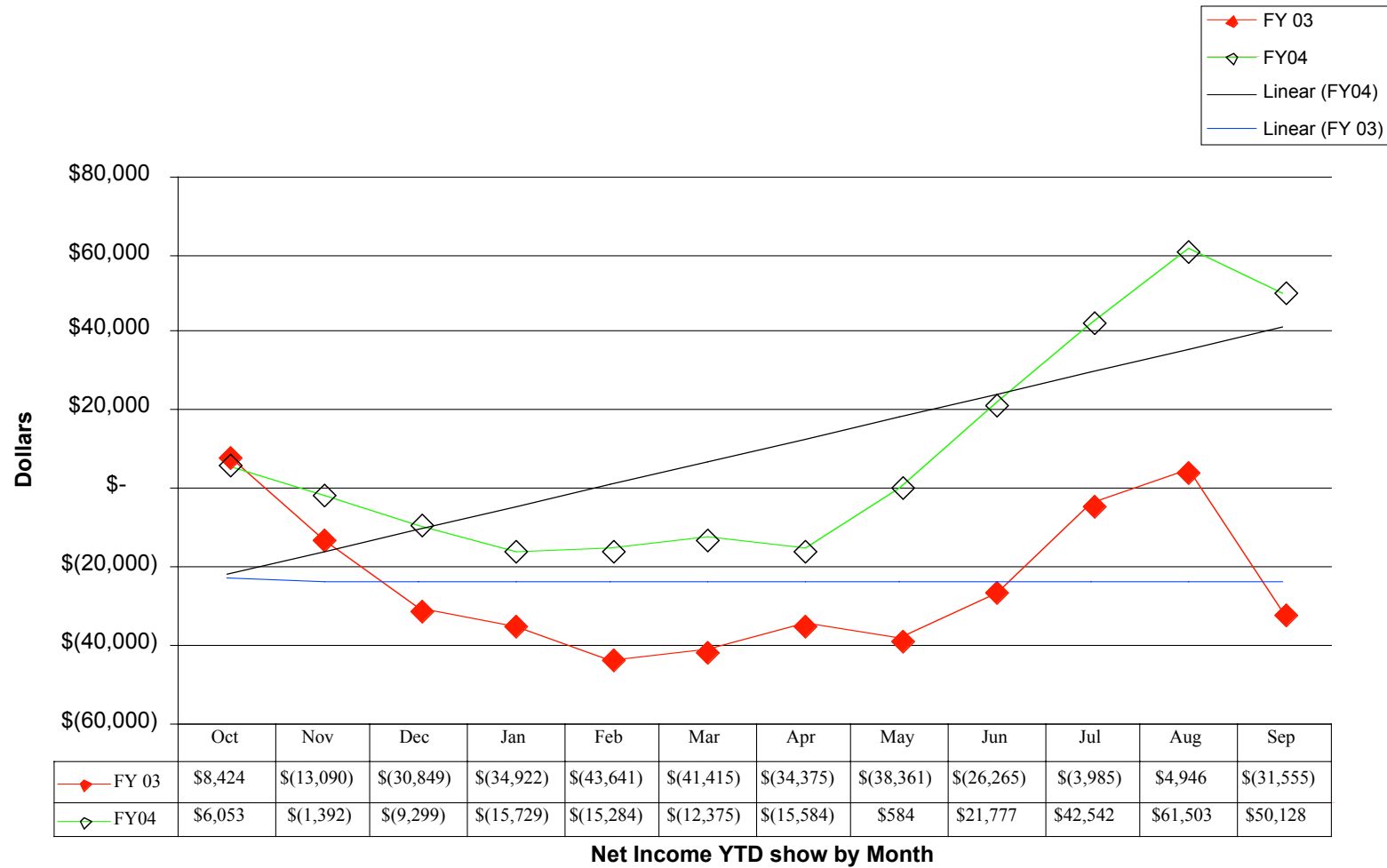
Preliminary Sept 2004

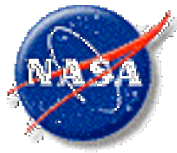
	FY04 YTD Sept	FY03 YTD Sept	Variance
Revenues	\$1,903,393	\$1,863,245	\$ 40,148
Cost of Goods	\$ 645,492	\$ 646,007	\$ 515
Gross Profit	\$1,257,901	\$1,217,237	\$ 40,664
Salaries	\$ 995,458	\$1,025,967	\$ 30,509
Other Expenses	\$ 220,235	\$ 194,590	\$ (25,645)
Depreciation	\$ 21,450	\$ 28,365	\$ 6,915
NIBD	\$ 71,578	\$ (3,190)	\$ 74,768
Net Income	\$ 50,128	\$ (31,555)	\$ 81,683
Total Exchange Net Income	2.63%	-1.69%	

Goal 1%

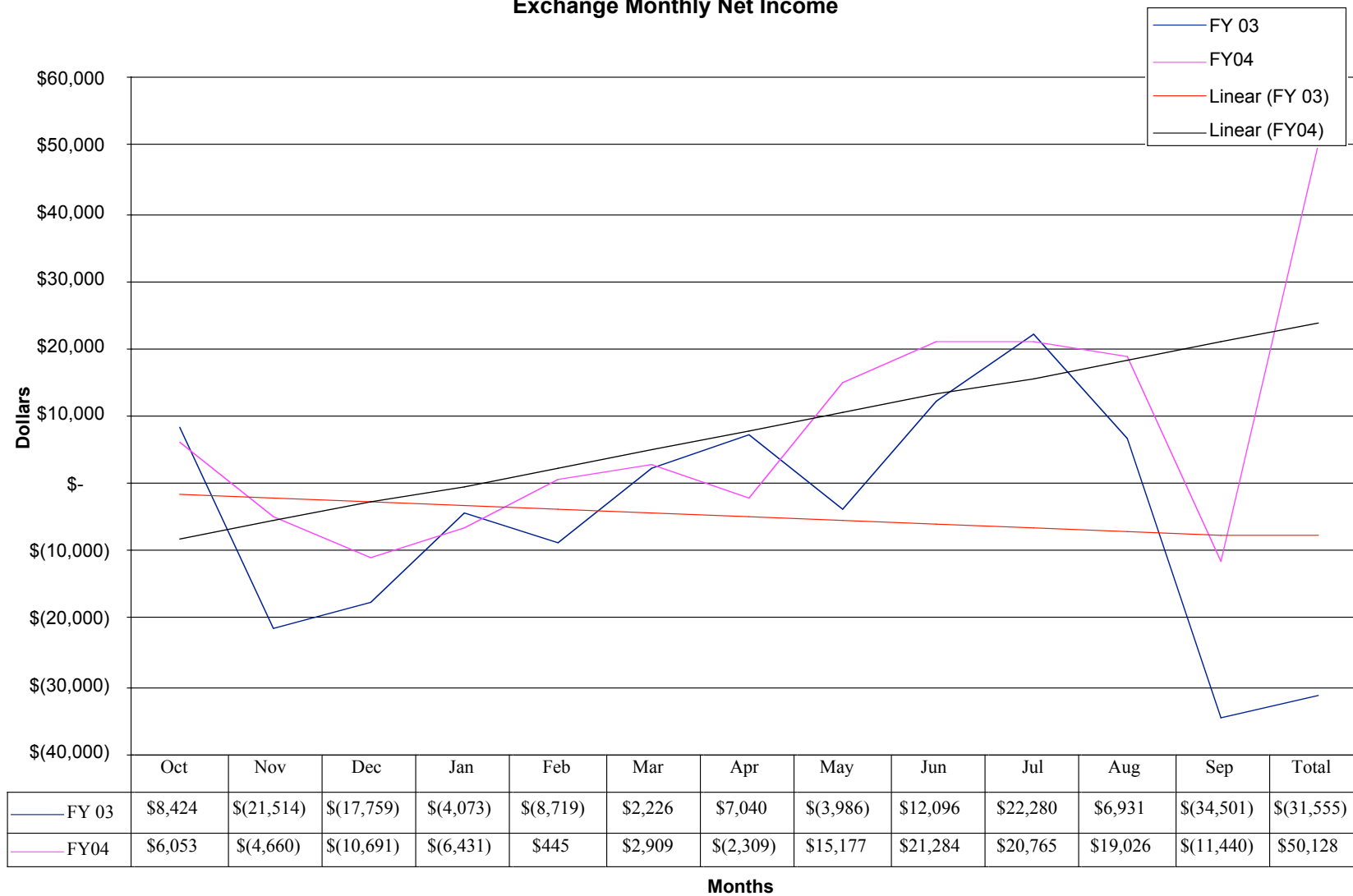


Exchange Cumulative Net Income





Exchange Monthly Net Income





LaRC EXCHANGE OPERATIONS

Cash Flow FYO3 & 04



Years Ended September 30,	2004	2003
Cash flows from operating activities		
Change in net assets	\$ 50,128	\$ (29,510)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	21,450	26,006
Realized and unrealized loss on investments	3,315	652
Change in:		
Accounts receivable	21,408	(28,458)
Inventories	(10,649)	(324)
Prepaid expenses	(6,819)	(93)
Accounts payable	(23,151)	32,004
Accrued expenses	19,119	5,894
Unearned revenue	(5,875)	(2,945)
Security deposits	279	1,915
Net cash from operating activities	69,205	5,141
Cash flows from investing activities		
Proceeds from maturities of investments	20,350	20,000
Purchase of investments	(10,810)	(1,086)
Net cash from investing activities	9,540	18,914
Net change in cash and cash equivalents	78,745	24,055
Cash and cash equivalents - beginning of year	291,710	267,655
Cash and cash equivalents - end of year	\$ 370,455	\$ 291,710



LaRC Exchange Operations Overview Accomplishments and Future Plans



- New financial performance indicators and goals established in FY04.
- New ATM installed Cafeteria
- New Program Brochure published in July 04 on all activities.
- Peachtree Accounting upgraded to 2004 network based financial management system. Training accomplished.
- EAP and Health Clinic support to Exchange Employees became effective 1 January 2004.
- Assume oversight for Fitness Center and improve Equipment/Facility.
- Establish baseline contribution on 401K retirement plan by Feb 2004.
- Consolidate individual Activity operating accounts into one LaRC NASA Exchange Operating account.
- Incorporate One NASA Exchange Objectives.
- Implement Audit findings
- Expand on Publicity of Activities in leadership forums, newspaper, internet, special interest groups.



LaRC EXCHANGE

Fiscal Year 2005 Operating Plan



Revenues

Consol. Exchange

	Fin & ACCT	CDC	Food & Bev	Exc. Shop	LEA	Total w/Fitness
Sales Revenues			\$ 765,224.00	\$ 345,439.00		\$ 1,110,663.00
COGS	\$ -		\$ 358,417.00	\$ 252,599.63		\$ 611,016.63
Gross Inc from Sales	\$ -		\$ 406,807.00	\$ 92,839.37		\$ 499,646.37
Other Income	\$ 88,975.00	\$ 687,796.00			\$ 11,361.00	\$ 788,132.00
Total Revenue	\$ 88,975.00	\$ 687,796.00	\$ 765,224.00	\$ 345,439.00	\$ 11,361.00	\$ 1,898,795.00
Gross Income	\$ 88,975.00	\$ 687,796.00	\$ 406,807.00	\$ 92,839.37	\$ 11,361.00	\$ 1,287,778.37
<u>Expenses</u>						
Labor	\$ 44,500.00	\$ 557,859.00	\$ 322,512.00	\$ 57,400.00		\$ 982,271.00
Operating Expenses	\$ 29,800.00	\$ 110,861.00	\$ 80,437.00	\$ 31,151.42	\$ 14,971.00	\$ 267,220.42
Total Expenses	\$ 74,300.00	\$ 668,720.00	\$ 402,949.00	\$ 88,551.42	\$ 14,971.00	\$ 1,249,491.42
Net Income(loss) Before Dep.	\$ 14,675.00	\$ 19,076.00	\$ 3,858.00	\$ 4,287.95	\$ (3,610.00)	\$ 38,286.95
Depreciation	\$ -	\$ 7,836.00	\$ 487.00	\$ -	\$ 25,716.00	\$ 34,039.00
Net Income(loss)	\$ 14,675.00	\$ 11,240.00	\$ 3,371.00	\$ 4,287.95	\$ (29,326.00)	\$ 4,247.95
Percentage Goals	16%	2%	0.4%	1%	-258%	0.2%



LaRC EXCHANGE

Fiscal Year 2005

Capital Improvements



PRIORITY	Years ROI	Activity	Estimated Cost	Projected Purchase	Description
1	5	Exchange Shop	\$15,000	FY05-2nd	Shelving/LED/counter.
3		LaRC CDC	\$38,000	FY05-3rd	cubbies, table,chairs,Shelves
4		LaRC CDC	\$7,500	FY05-3rd	Dramtic Play equipment
6	3	Food & Beverage	\$2,500	FY05-2nd	Bar Tab/Seating
7		Food & Beverage	\$1,200	FY05-2nd	Carpet Afterburner
2		Fitness Center/Gym	\$25,500	FY05-1st	Fitness Equipment
		TOTAL	\$89,700		15



Finance and Accounting Office Overview



- **Provides support for financial accounting, payroll, health benefits, insurance and annual audit for Exchange activities.**
- **Monitors the Centerwide vending operation that provides a wide variety of soft drinks and snacks. Profits from the vending operations helps to support employee morale events and activities to include:**
 - **Langley Exchange Activities – Subsidies for clubs and leagues.**
 - **Unit Organizational Morale Funds for summer picnics, holidays and office parties.**
 - **Centerwide events such as the Holiday Reception, Volunteer Speakers Bureau, and Centerwide social events.**
 - **As well as support for the Exchange Finance and Accounting Office.**
- **LaRC is in compliance with the Randolph Sheppard Act**



Larc Exchange Operations

Finance and Accounting Office FY 04 Annual Operating Results



Revenues

Sales and commissions
Cost of sales

\$ 88,381
-

Gross profit

Operating expenses

Bonuses
Depreciation
Employee benefits
Liability
Group
Miscellaneous
NASA morale
Office supplies
Randolph Sheppard Act
Salaries, wages and payroll taxes
Supplies
Thrift plan
Training and tuition
Travel

1,903
-
519
527
115
3,535
4,812
255
15,387
40,873
48
4,315
30
200

Total operating expenses

72,519

Income (loss) from operations

15,862

Other revenues (expenses)

Interest and dividends
Realized and unrealized gain (loss)
on investments

7,127
(3,033)

Total other revenues (expenses)

4,094

Change in net assets

19,956



Finance and Accounting Office **Vending Operations/Randolph-Sheppard** **Accomplishments and Future Plans**



- Expanded Snack Vending in 2nd Qtr FY 04 to include Ice Cream, Frozen Fast Foods, Hot Drinks, and Sundry Items added at 25% commission.
- Total paid to State License Agency for Randolph-Sheppard \$15387 in FY 04.
- Expand Organizational Unit Morale Fund subsidy in Feb 2004.
- Award new 4 year Food and Snack Vending Agreement
- Expand Peachtree Accounting to Bank Account Reconciliation
- Consolidate Activity operating banking accounts into one NASA LaRC operating banking account



Langley Exchange Operations

Child Development Services

Overview



- The Child Development Center (CDC) located in Bldgs. 1231 & 1231b provides quality childcare for a 124 infants, pre-toddlers, toddlers, pre-school, and kindergarten.
- The Center is accredited by National Association for the Education of Young Children
- Summer Camp available for children Ages 5 to 12
- Two new trailers care for approximately 75 children during June through August.
- The Parent Teachers Organization is a special interest group dedicated to help support the quality of care for the CDC.



Langley Exchange

Child Development Services

Operations

FY 04 Annual Operating Results

**Revenues****Gross profit**

\$ 654,213

Operating expenses

Bonuses

5,453

Depreciation

3,751

Food supplies

33,876

Liability

9,332

Group

17,380

Miscellaneous

631

NASA morale

4,419

Office supplies

2,793

Repairs and maintenance

3,493

Salaries, wages and payroll taxes

542,822

Supplies

9,976

Training and tuition

1,535

Travel

1,508

Total operating expenses

636,969

Income (loss) from operations

17,244

Other revenues (expenses)

Miscellaneous income

\$ 848

CFC contribution

3,063

Interest and dividends

1,932

National School Lunch Program

15,305

Total other revenues (expenses)

21,148

Change in net assets

\$ 38,392



Child Development Services

Accomplishments and Future Plans



- **Successful special events were held during the year to include week of the young child celebration, graduations, and holiday special activities.**
- **A USDA Administrative review of the Child Food Program was successfully completed, which helps provide \$15,305 in support for the \$33,876 annual food cost.**
- **FY 04 capital investments made in age appropriate playground equipment for infants, toddlers, and preschoolers.**
- **An expansion/construction of a new center ongoing with June 2005 completion and will provide for 77 square feet area per child as well as upgraded kitchen operations.**
- **Capital improvement to be made in age appropriate furnishings.**



LaRC Exchange Operations

Langley Exchange Activities

Overview



- The follow are clubs and leagues operating with participation figures for each during FY 04:

- Alumni Assn.	300
- Aerobics	131
- Amateur Radio	40
- Amateur Satellite	110
- Astronomy/Sky Watchers	19
- Basketball	150
- Bicycle Safety	12
- Bowling	60
- Bridge Club	25
- Conservation Club	120
- Flag Football	100
- Garden Club	50



LaRC Exchange Operations

Langley Exchange Activities

Overview



- Clubs and Leagues Continued:

– Golf Assn.	125
– Karate	16
– Memory Mates	30
– Runners Club	42
– Soccer Club	62
– Softball	250
– Tennis	56
– Volleyball	250



LaRC Exchange

Langley Exchange Activities

FY04 Annual Operating Results



Revenues

Sales and commissions
Cost of sales

\$ 2,074
-

Gross profit

2,074

Operating expenses

Depreciation
Liability
Miscellaneous
Office supplies
Total operating expenses

17,699
6,994
87
141
24,921

Income (loss) from operations

(22,847)

Other revenues (expenses)

Miscellaneous income
Interest and dividends

\$ 1,220
270

Total other revenues (expenses)

1,490

Change in net assets

(21,357)



Langley Exchange Activities Accomplishment and Future Plans



- **LEA Activities were subsidized during FY 04 with approximately \$4,500.**
- **Subsidy for LEA is budgeted at \$8000 in FY 04.**
- **Expanded Fitness Center participation to NASA contractors and students effective April 1, 2004.**
- **Fitness Modernization is ongoing in FY04 with Exchange capital purchasing of \$25,000 for new equipment.**
- **Expanding eligibility to NASA retiree to fitness center in January 2005.**
- **COF project for gymnasium renovation to be submitted in FY 04 for project year FY 08.**



Langley Exchange Operations

Food and Beverage

Overview



- The cafeteria operates to provide quality full-service food and beverages through breakfast and lunch programs for the LaRC Workforce. The daily menu can be located on the @LaRC Quick Links.
- The Cafeterias offer daily fast food grilled items, soups, sandwiches, and full course meal services.
- The workforce can enjoy these quality products either in the comfort of the dining area or convenient takeout service.
- A wide variety catering menu found on @LaRC, <http://larc-exchange.larc.nasa.gov/LaRCExchange/catering.html> helps to support organizational picnics, business, and social luncheons either onsite or within organizational areas.
- The Afterburner Social Lounge is available to the LaRC workforce Monday-Friday. Centerwide social events promoted and held seasonally to provide social recreational opportunities.



Langley Exchange Operations

Food and Beverage

FY04 Annual Operating Results



Revenues

Sales and commissions	\$ 834,079
Cost of sales	395,265

Gross profit

438,814

Operating expenses

Bonuses	3,650
Depreciation	-
Director's fund	1,493
Employee benefits	1,327
Liability	11,513
Group	38,469
Linen and laundry	5,274
Miscellaneous	271
NASA morale	985
Office supplies	3,952
Repairs and maintenance	1,016
Salaries, wages and payroll taxes	357,083
Supplies	2,529
Training and tuition	125
Travel	5

Total operating expenses

427,692

Income (loss) from operations

11,122

Other revenues (expenses)

Miscellaneous income	\$ 2,363
Interest and dividends	88
Total other revenues (expenses)	2,451

Change in net assets

13,573



LaRC Exchange Operations Food and Beverage Accomplishment and Future Plans



- The following changes were made during FY 04 to provide for better products and services:
 - Introduced Papa Johns Name brand Pizza
 - Purchase of new infrared food thermometers
 - Meat slicer
 - Low-Carb and Calorie lunch menus
- The budgeted financial goals in FY 04 were exceeded through increased revenues while reducing expenses as well as through closure of Aerodyner in May 04.
- Catering revenues greatly added to profitability.
- 1st Qtr FY 05 includes the addition of “Chick fil a” named brand items.
- Phase 2 Food Service Area renovation is planned for FY2005-06.
- Visits to other NASA Food Operations are planned for 2nd Qtr. along with participation in the National Restaurant Association Convention in May.



LaRC Exchange Operations **Food and Beverage** Accomplishment and Future Plans



- Continue to monitor COGs in FY 05 and make incremental adjustments to prices as required to maintain a overall budgeted COGs.
- Completed service area upgrade and decor improvements in March FY 05: lighting, interior wall and floor resurfacing, new cashier configuration, new signage as well as other merchandising and presentations upgrades. \$500 K
- Invest in Afterburner Lounge as identified in FY 05 Capital Improvements Plan.



LaRC Exchange Operations

Exchange Shop

Overview



- **Merchandise items for sale via shop and internet during FY04 included:**
 - Men, women polo shirts, T-shirts, sweat shirts, jackets, caps, etc.
 - Pen/pencil sets and clocks
 - Greeting and business cards; invitations and social announcements
 - Gift bags, phone cards, balloons
 - Mission patches
 - Sundry Items: toiletries, cold and sinus remedies, batteries, disposable cameras, postage stamps
 - Franklin Covey Products and palm pilots
 - Customized products for groups/teams
- **Film, mobile phone, jewelry, floral, DVD rental, UPS, book signing and engraving services**
- **Tickets: AMC and Regal Movies, Busch Gardens/Water Country, Colonial Williamsburg, Disney, Jamestown/Yorktown, Kings Dominion, Luray Caverns, Nautilus, Ship Cruises, Virginia Air and Space Center, Marine Science Museum**



LaRC Exchange Operations

Exchange Shop

FY 04 Annual Operating Results



Revenues

Sales and commissions	\$ 324,646
Cost of sales	250,227
Gross profit	74,419

Operating expenses

Bonuses	150
Employee benefits	1,666
Liability	4,882
Group	3,071
Miscellaneous	1,901
NASA morale	825
Office supplies	7,122
Salaries, wages and payroll taxes	54,680
Supplies	267
Training and tuition	50
Travel	428
Total operating expenses	75,042

Income (loss) from operations

	(623)
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Other revenues (expenses)

Miscellaneous income	\$ 147
Interest and dividends	322
on investments	(282)
Total other revenues (expenses)	187

Change in net assets	(436)
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LaRC Exchange Operations

Exchange Shop

Accomplishment and Future Plans



- The Exchange Shop revenues improved by 4% in FY04 over FY03, however cost of goods remained at 77%.
- Operating expenses were reduced by \$5.7K in FY04 over FY04 to help bring the store to near break-even.
- Incremental price increases to obtain performance goals is required in FY05 to bring the Store into the Black.
- The Sales in the Exchange Store are budgeted to decline during the first two quarters of FY05 due to the store renovation and relocation.
- Sales are budgeted to improve in the last half of FY05.
- The Expansion of the Exchange Shop is programmed for completion by March 2005. It will double the size of the store to over 630 square foot which will make stored merchandize more available to customers. Sales are expected to increase after completion. (See Capital Improvement Plan.)